

STATE CORPORATION COMMISSION

AT RICHMOND, MARCH 12, 2004

COMMONWEALTH OF VIRGINIA

At the relation of the

STATE CORPORATION COMMISSION

v.

CASE NO. INS-2004-00050

CONTINENTAL GENERAL INSURANCE
COMPANY,

Defendant

SETTLEMENT ORDER

Based on an investigation and subsequent allegations by the Bureau of Insurance, it appears that Defendant, duly licensed by the Commission to transact the business of insurance in the Commonwealth of Virginia, in certain instances, violated § 38.2-3407.14 of the Code of Virginia by failing to provide in conjunction with the proposed renewal of certain of its policies sixty (60) days' written notice to affected policyholders of its intent to increase by more than thirty-five percent (35%) the annual premium charged for coverage under such policies.

The Commission is authorized by §§ 38.2-218, 38.2-219, and 38.2-1040 of the Code of Virginia to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke Defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that Defendant has committed the aforesaid alleged violations.

Defendant has been advised of its right to a hearing in this matter, whereupon Defendant has made an offer of settlement to the Commission wherein Defendant has tendered to the Commonwealth of Virginia the sum of five thousand dollars (\$5,000), waived its right to a hearing, and agreed to the entry by the Commission of a cease and desist order.

The Bureau of Insurance has recommended that the Commission accept the offer of settlement of Defendant pursuant to the authority granted the Commission in § 12.1-15 of the Code of Virginia.

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STATE CORPORATION CONTROL

THE COMMISSION, having considered the record herein, the offer of settlement of Defendant, and the recommendation of the Bureau of Insurance, is of the opinion that Defendant's offer should be accepted.

IT IS THEREFORE ORDERED THAT:

(1) The offer of Defendant in settlement of the matter set forth herein be, and it is hereby, accepted;

(2) Defendant cease and desist from any conduct which constitutes a violation of § 38.2-3407.14 of the Code of Virginia;

(3) Defendant reimburse, within sixty (60) days from the date of entry of this Order, all affected policyholders with the amount by which any premium applied to their policy exceeded thirty-five percent (35%) for the entire period for which no notice, or sufficient notice, was provided;

(4) Defendant notify the Bureau of Insurance in writing that the reimbursements have been made within thirty (30) days of the mailing of such reimbursements; and

(5) The papers herein be placed in the file for ended causes.

AN ATTESTED COPY hereof shall be sent by the Clerk of the Commission to Joseph A. Parente, Senior Vice President, Consumer Relations, Continental General Insurance Company, 17800 Royalton Road, Strongsville, Ohio 44136; and the Bureau of Insurance in care of Deputy Commissioner Gerald A. Milsky.